Market Wrap

JOBS • HOUSING • PRICES • MARKETS

WEEK ENDING OCTOBER 17, 2025

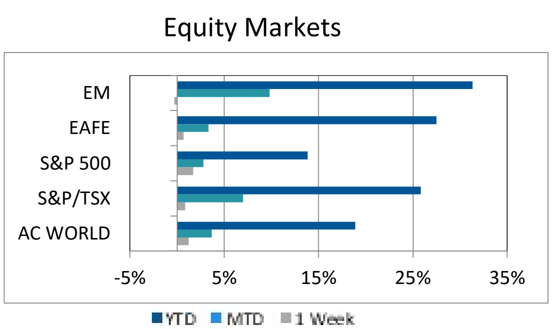
Market Recap

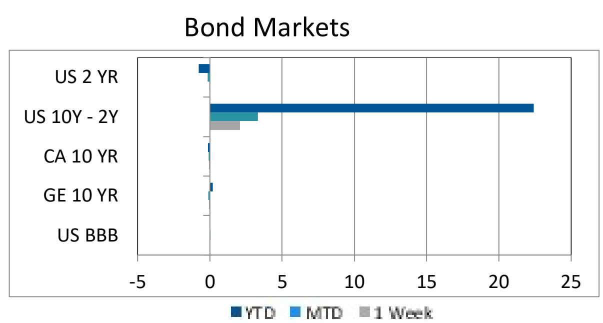
- Global equity markets managed to eke out very modest gains in what was a volatile week in financial markets. Early in the week, stocks retreated as investors flocked to safe have assets. Notably, regional banks came back to the fore with reports of loan fraud losses at two regional banks in the United States prompting worries over the health of the credit space and the potential for wider fallout. Trade tensions between the US and China also escalated after President Trump's threat to "massively increase" China tariffs – adding to the uncertainty in the market. However, stocks got some reprieve at the end of the week after President Trump walked back those threats by saying such high tariffs would not be sustainable - easing fears of more escalation in the trade conflict between the world's two largest countries. For the week, the MSCI All Country World gained 1.2%. The S&P 500 rose 1.7%, powered ahead y solid performance in the Magnificent 7 group of stocks (+2.7%). The S&P/TSX rose 0.9%. Elsewhere, the MSCI EAFE gained 0.7%, while the MSCI gauge of emerging market stocks ended the week modestly (-0.3%) lower as concerns over global trade weighed.

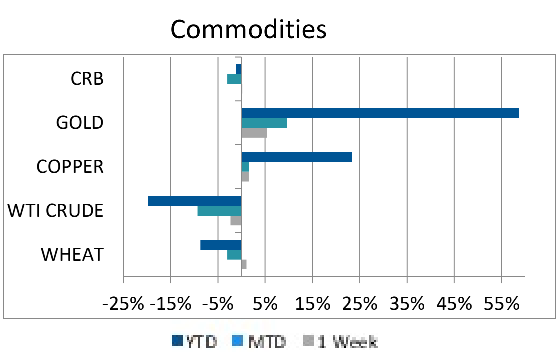
- Fixed income markets generated positive results last week amid lingering trade tensions and mounting worries over the credit health of US regional banks - both of which stoked fears of slowing global growth and sent investors flocking to safe haven assets. Yield curves steepened in a bullish fashion, with the policy-sensitive front-end of the curve declining more than the longer-end of the curve as traders boosted bets on Federal Reserve rate cuts to price as much as five quarter-point reductions by the end of 2026 with around 30% odds of a sixth. Traders are pricing 53 basis points of cuts by the end of this year. Federal Reserve officials reinforced those wagers. Governor Waller said that rates can continue to decline in quarter-point increments, while his counterpart Stephen Miran advocated for a larger reduction. The 2-year treasury yield fell by 4 basis points to 3.46% - a three-year low - while the 10-year yield dropped to 4.0%. For the week, the Bloomberg US Aggregate Bond Index rose 0.5%, while the FTSE Canada Bond Universe gained 0.7%.

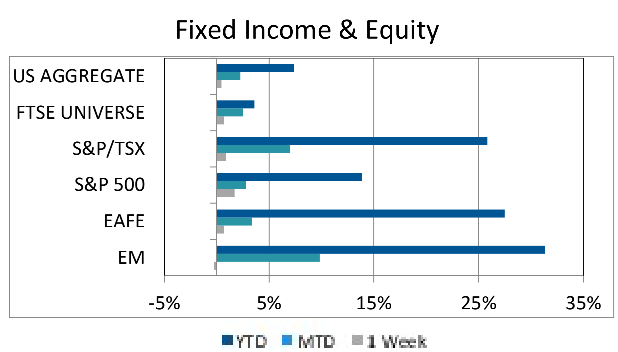
- Oil posted a third weekly decline as investors focused on a lingering supply glut and the fallout of renewed trade tensions between the US and China that threatens to dampen global growth and energy demand from the largest consumers of crude. Forecasts for a supply glut became more prominent after the International Energy Agency raised its estimate of global oversupply next year by close to 20%. Gold posted its biggest weekly gain since March 2020 as fears about US credit quality and heightened trade frictions boosted demand for the safe haven precious metal. Investors also piled into bets that the Federal Reserve may deploy an outsized rate cut this year. That saw treasury yields stumble lower and boosted the appeal of non-interest-bearing bullion.

- The US dollar (DXY) weakened steadily though the week and posted its biggest weekly drop in more than two months amid dovish signals from Federal Reserve officials and fresh worries over the health of US regional banks as reports of loan fraud losses at Zions Bancorp and Western Alliance Bancorp brought attention back to the credit space and the potential wider fallout - similar to the banking turmoil in 2023. The greenback was weaker versus all its Group-of-10 peers with the exception of the Canadian dollar that was weighed down by the weekly decline in crude oil prices.









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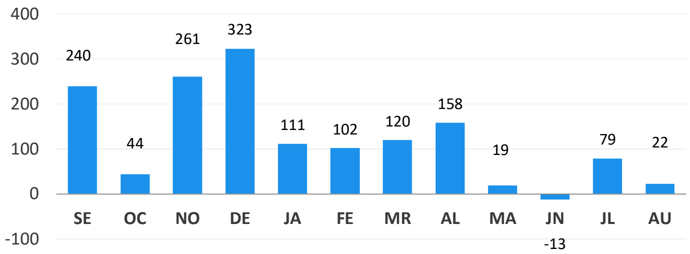
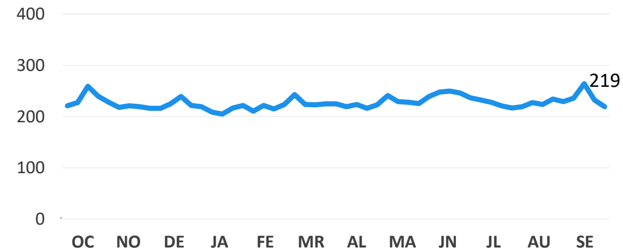
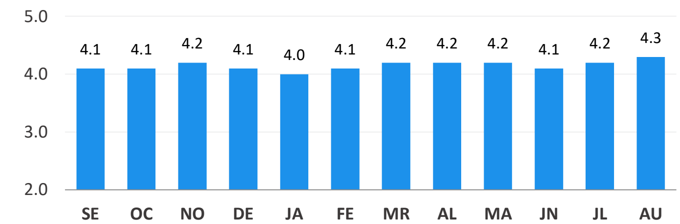
Job Creation (in thousands)*



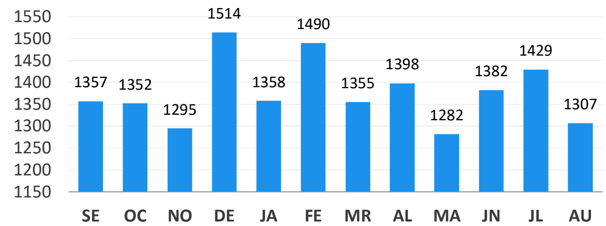
Initial Jobless Claims (in thousands)*



U.S. Unemployment Rate (%)



Housing Starts (in thousands)*



* U.S. Data

10-Year Government Bonds

	January 1, 2025	October 10, 2025	October 17, 2025
Canada	3.22%	3.17%	3.09%
United States	4.56%	4.03%	4.01%
Germany	2.38%	2.64%	2.58%
Japan	1.10%	1.69%	1.63%
United Kingdom	4.60%	4.68%	4.53%
France	3.24%	3.48%	3.36%
Australia	4.43%	4.36%	4.10%
Italy	3.54%	3.46%	3.38%

Commodities, Exchange Rates and Indicators

	January 1, 2025	October 10, 2025	October 17, 2025
Oil	73.13 $	58.90 $	57.54 $
Gold	2 657.90 $	4 017.79 $	4 251.82 $
CAD	0.6943 $	0.7140 $	0.7133 $
EURO	1.0265 $	1.1619 $	1.1655 $
		July	August
Inflation* Canada		2.60%	2.60%
Inflation* USA		3.10%	3.10%

* CORE-CPI YOY

Indices as of September 30, 2025

Index (%)	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
S&P/TSX Composite	5.40	12.50	22.10	28.63	21.35	16.73	11.84
S&P/TSX Small Cap	8.96	20.91	35.17	37.46	23.01	18.36	11.19
S&P 500 (USD)	3.64	8.11	19.94	17.56	24.91	16.45	15.28
S&P 500 (CAD)	5.04	10.26	15.97	21.12	25.46	17.42	15.73
Stoxx Europe 600 (CAD)	3.28	5.61	11.91	18.84	23.68	12.85	8.57
MSCI EAFE (CAD)	3.28	6.83	13.21	18.43	22.21	12.07	8.57
MSCI Emerging Markets (CAD)	8.59	12.82	19.79	20.84	18.71	7.89	8.39
MSCI World (CAD)	4.60	9.39	15.60	20.76	24.23	15.35	12.84

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Sources: Bloomberg, Fiera Capital Corporation